

# FISCAL NOTE

**Bill #:** HB0007

**Title:** Eliminate water adjudication fee and fund through general fund

**Primary Sponsor:** Barrett D

**Status:** As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2006 Difference</u></b>	<b><u>FY 2007 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$31,000,000	\$0
State Special Revenue	\$0	\$0
<b>Revenue:</b>		
General Fund	(\$31,000,000)	\$0
State Special Revenue	\$27,900,000	(\$3,100,000)
<b>Net Impact on General Fund Balance:</b>	(\$31,000,000)	\$0

- |   |   |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact    | <input type="checkbox"/> Technical Concerns                       |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached  | <input type="checkbox"/> Needs to be included in HB 2             |

## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Natural Resources and Conservation (DNRC)**

1. It is assumed all previously established benchmarks will be met.
2. Agency expenditures will continue at the same rate assumed for HB 22 from the 2005 regular session. (\$1,991,600 per year)
3. The \$31,000,000 will be transferred into the state special revenue fund and the water adjudication fee will not be collected.
4. There were 39 FTE per fiscal year authorized in HB 2 (2005 Legislature) to be paid from the water adjudication fee account. These FTE will now be authorized and funded by the appropriation in HB 7.

#### **Judicial Branch – Water Court**

5. It is assumed all previously established benchmarks will be met.
6. Agency expenditures will continue at the same rate assumed for HB 22 from the 2005 regular session. (approximately \$400,000 per year)

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7. There were 6.50 FTE in FY 2006 and 7.00 FTE in FY 2007 authorized in HB 2 (2005 Legislature) to be paid from the water adjudication fee account. These FTE will now be authorized and funded by the appropriation in HB 7.

**Other Agencies**

8. A number of state agencies own water rights and are required to pay the fee implemented by HB 22 from the 2005 regular session. Affected agencies include the Department of Fish, Wildlife, and Parks (\$177,700), the Department of Environmental Quality (\$16,260), and others. If the fee is eliminated the agencies will not be required to pay the fee.

**FISCAL IMPACT:**

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
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**Department of Natural Resources and Conservation****General Fund Transfer**Expenditures:

Transfers	\$31,000,000	\$0
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Funding of Expenditures:

General Fund (01)	\$31,000,000	\$0
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**Department of Natural Resources and Conservation****State Special Revenue Expenditures**Expenditures:

Personal Services	\$0	\$0
Operating Expenses	<u>\$0</u>	<u>\$0</u>
TOTAL	\$0	\$0

Funding of Expenditures:

State Special Revenue (from General Fund Transfer)	\$1,991,600	\$1,991,600
State Special Revenue (Water Adjudication Fees)	<u>(\$1,991,600)</u>	<u>(\$1,991,600)</u>
TOTAL	\$0	\$0

Revenues:

State Special Revenue (from General Fund Transfer)	\$31,000,000	\$0
State Special Revenue (Water Adjudication Fees)	(\$3,100,000)	(\$3,100,000)

**Judicial Branch – Water Court****State Special Revenue Expenditures**Expenditures:

Personal Services	\$0	\$0
Operating Expenses	<u>\$0</u>	<u>\$0</u>
TOTAL	\$0	\$0

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Funding of Expenditures:

State Special Revenue (from General Fund Transfer)	\$413,261	\$404,299
State Special Revenue (Water Adjudication Fees)	<u>(\$413,261)</u>	<u>(\$404,299)</u>
TOTAL	\$0	\$0

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$31,000,000)	\$0
State Special Revenue (02)	\$27,900,000	(\$3,100,000)

LONG-RANGE IMPACTS:

The bill provides for total revenues of \$31.0 million to fund operations for a 15-year period. The projected revenues would fund the costs of DNRC and the Water Court. Expenditures for DNRC to complete the examination are projected to be approximately \$2.0 million each year for 10 years (a total of \$19.9 million) and \$0.7 million each year for 5 years of post decree assistance (a total of \$3.5 million) to the Water Court that would continue to June 30, 2020 when this act terminates. The Water Court would have additional costs.